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October 17, 2003

Ms. Faye Haselkorn
EGAT/UP
United States Agency for International Development
1300 Pennsylvania Avenue
Washington, DC 20523

RE: Contract No. LAG-I-00-99-00036-00, Task Order No. 06
UI Project 06967-009, Urban Sectoral Training for USAID Staff
Quarterly Task Order Progress and Cost Report, July to September 2003

Dear Ms. Haselkorn:

Please find enclosed the *Quarterly Task Order Progress and Cost Report, July to September 2003*, Urban Sectoral Training for USAID Staff as required under Section F.12 of the above referenced contract.

Please direct any technical questions to Ms. Clare Romanik, UI/Washington at 202.261.5527 or E-mail at cromanik@ui.urban.org. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Dale Gredler (USAID/Washington)
Clare Romanik (UI/Washington)
USAID Development Clearinghouse
IAC Deliverables File (06967-009)

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

**JULY TO
SEPTEMBER 2003**

**URBAN SECTORAL TRAINING
FOR USAID STAFF (GLOBAL)**

Prepared for



Urban Sectoral Training for USAID Staff (Global)
United States Agency for International Development
Contract No. LAG-I-00-99-00036-00, TO No. 06

Prepared by

Clare Romanik
The Urban Institute



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October 2003
UI Project 06967-009

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2003

URBAN SECTORAL TRAINING FOR USAID STAFF (GLOBAL)

Contract No.:	LAG-I-00-99-00036-00, Task Order No. 06
Date of Issuance:	September 24, 2002
Amount Obligated Under Task Order:	\$ 130,784
Total Potential Task Order Amount:	\$ 130,784
Dollars Expended To-date:	\$ 57,354
Key Personnel:	Clare Romanik, Prime Contractor Contact 202.261.5527 cromanik@ui.urban.org

Task Order Description

Under this task order, the Urban Institute (UI) and Training Resources Group (TRG) are working with USAID's Urban Programs Team to design three training courses for EGAT and other USAID staff. The courses create a community of practice of USAID staff who are aware of the importance of cities and who can incorporate their knowledge of urban issues into their work with other sectors.

I. HIGHLIGHTS

During this quarter, UI and its subcontractor TRG designed and delivered the final course under this task order. The course *Cities and Economic Growth* was offered from September 9 – 12, 2003 to 28 USAID officers, of which 13 were mission staff or NEPs and 12 came from the EGAT bureau (including the 4 NEPs). The course objectives were for USAID staff to gain a better understanding of the role and importance of cities in USAID's development and economic growth efforts, including urban and rural linkages; identify characteristics of urban economies and urban poverty and the implications for USAID's development efforts; discuss various approaches and opportunities for promoting economic growth of cities and regions; and identify tools, resources, and references that are available to help USAID officers and their development counterparts address issues related to cities and economic growth.

II. PROGRESS OF MAJOR ACTIVITIES

Utilizing input from past and potential course participants, senior Economic Growth officers, and Urban Programs Team members, the team finalized the design of *Cities and Economic Growth*, and then conducted the course from September 9 – 12, 2003. Twenty-eight participants attended this 3 ½ day course, with attendance staying strong throughout the course. The course was designed with a theme for each day of presentations and interactive work.

DAY ONE: LAYING THE FOUNDATION

- Urbanization, Decentralization, Democratization and Economic Growth
- Economies of Cities and Regions: Why Cities Are Critical to Economic Growth
- Measuring Urban Poverty
- Exploring the Informal Economy of a Developing City

DAY TWO: MOBILIZING PRIVATE RESOURCES FOR ECONOMIC GROWTH IN CITIES

- Municipal Credit Markets
- Innovative Financing Mechanisms for Infrastructure Investments in Secondary Cities
- Housing Finance: Engine of Urban Development
- Financing Her Home – One Wall at a Time
- Managing Governmental Property Assets: Thinking “Out of the Box”
- Public Private Partnerships for Municipal Infrastructure: “Darling Child” or the “Bad Seed”?
- Public Private Partnerships in Tourism Development and Destination Management

DAY THREE: ROLE OF LOCAL GOVERNMENT IN PROMOTING ECONOMIC GROWTH

- Decentralization and Local Economic Development
- Connecting National and Regional Economies through Industry Cluster Strategies
- Elements of an Effective Local Economic Development Program
- Community-Based Strategic Planning for Local Economic Development
- What Works – What Doesn't: A Case Example from Mbarara, Uganda

DAY FOUR: BACK HOME PLANNING

- City Development Strategy Tool and Cities Alliance Resources
- ICMA City Links Program
- Global Development Alliance
- DCA Guarantees
- Other Urban Program Tools / Resources

Several presenters were experts from USAID and the Urban Programs Team's partner organizations—Urban Institute, Cities Alliance, ICMA, and Evensen Dodge. Other expert presenters were World Bank staff and independent consultants. In addition to presentations, the course integrated small group exercises and discussions to facilitate the learning process of the participants. TRG training specialists facilitated all aspects of the course. Urban Institute provided direction on the course content, including guidance to course presenters. UI and TRG staff conducted run-throughs with the presenters a few days before the course.

The interactive case study exercises developed for *Cities and Economic Growth* were particularly successful. Each of the four case study exercises focused on a country in a different region—LAC, Eastern Europe, Africa and the Near East. The case study exercises were all developed by the same person, a consultant on local economic development. For two of the cases, the consultant had first-hand information

from his own consulting experience. For the other two cases he obtained background information from a course participant from a field mission and from a UI staff member who was also a course presenter. Though each case study exercise was rooted in reality, they did contain some fictitious information. Each small group was assigned a different case study exercise, but with the same processing questions at the end. UI and the Urban Programs Team conducted a mock run-through of the first case study exercise with USAID officers to understand whether or not it served the purpose of the seminar and how it could be improved. From this mock run-through, the questions asked to participants were clarified and modified.

Case Study Questions:

1. Why should the USAID Mission support a LED initiative? How will the LED initiative contribute to achieving the D&G, EG or other mission SOs?
2. What would be the major elements of a LED programming approach? How would you link the various activities together?
3. Who would be the local participants in your LED initiative? For two of these, describe the unique interests/resources that will bring them to the table.
4. How might Villanueva expect to benefit from this program in terms of measurable results?

The four interactive case study exercises are Attachments C, D, E and F to this report.

III. DELIVERABLES AND REPORTS

- (1) UI and TRG designed the following training materials for *Cities and Economic Growth*, which were distributed to participants at the course:
 - Agenda (This was also distributed before the course.)
 - Questions for guided group discussion and exercises
 - Interactive case study exercises
 - PowerPoint slides from the presentations
 - Technical background materials (A selection of materials was distributed to participants in binders. All of the technical materials, including the PowerPoint presentation slides, were included on a CD Rom which was distributed to participants. The CD Rom was user friendly with links from main technical areas to specific reports and other resources. Without exception, the participants were very happy with the course materials and the CD-ROM.)

The participants' binders also included a list with contact information and bios for organizers, facilitators, presenters, and participants.

- (2) UI and TRG made all of the necessary logistical arrangements for holding the course, including meeting with presenters to discuss their session objectives and perform a dry run of their sessions. TRG facilitated delivery of the course. The course was held at the Urban Institute.
- (3) TRG administered an evaluation at the end of the course. The results of the evaluation were sent in electronic format to the CTO on September 26, 2003.

- (4) UI delivered a case example of a USAID-led initiative for local economic development in Ghana, West Africa. The case example describes how results were measured and lessons learned from this project which ran from 1993 to 2001. The case example is Attachment B to this report.

IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

None at this time.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

This is the last quarter in which any major activity will be undertaken. The remaining days in the task order will be used to develop a final report with recommendations for repeating or building on these training events.

VI. SPECIFIC ACTION REQUESTED

None at this time.

ATTACHMENT B
LOCAL ECONOMIC DEVELOPMENT IN GHANA, WEST AFRICA

CASE EXAMPLE OF A USAID-LED INITIATIVE IN THE 2 PRINCIPAL CITIES (CAPE COAST AND ELMINA) AND RURAL AREAS OF GHANA'S CENTRAL REGION

I. Project Overview

Between the years 1993-2001, USAID provided substantial project support--through a debt for nature transaction and annual budget resources--to a tourism based, local economic development initiative targeting natural resources conservation and historic preservation in the Central Region of Ghana. USAID funding supported each of the following activities:

- Substantial exterior & interior repairs and rehabilitation of many rooms at three World Heritage Monuments in Cape Coast and Elmina, located 140 kilometers west of Ghana's capital city of Accra.
- Creation of a new museum and other interpretive displays at these World Heritage Monument sites.
- Development of Ghana's newest national park, Kakum Park, located 30 kilometers North of Cape Coast and 210 kilometers from Accra.
- Construction of a Visitors Center--inclusive of interpretive displays--and Canopy Walkway at Kakum Park.
- Formation of the Ghana Heritage Conservation Trust (GHCT)--a fundraising and facilities management organization with an international Board of Directors--to work with local government to sustain the above mentioned attraction sites and distribute tourist attraction site gate fee revenues to related community projects.
- Private sector support activities: tourism market research, product development & promotional activities; assistance to the Central Region Hoteliers Association and to individual hotel, restaurant, handicrafts and tour operator businesses.

II. Project Background & Context

From the 1500s to the 1800s, Cape Coast and Elmina, just 7 kilometers apart on the Southern coast of West Africa, became thriving trading cities full of British, Dutch, Portuguese, Swedes and many others. Attracted by the substantial supplies of gold and ivory, the Europeans developed extensive trading relationships with local Chiefs, both in communities along the sandy coast--with their many small inlets and harbors--and in villages at the edge of dense tropical rainforests. The Portuguese built Elmina Castle in 1482 and eventually constructed Fort St. Jago on the hill above Elmina Castle. These fortifications were later taken over by the Dutch. The Swedes built Cape Coast Castle in the early 1600s and turned it over to

the British not long afterwards. Cape Coast Castle became the seat of government for the huge British West African 'Gold Coast Colony'. In 1877 the British moved the headquarters of their Gold Coast Colony to Accra, approximately 180 kilometers to the East.

In the late 1980s, the Central Region economy was in bad shape. With a population of approximately 75,000, Cape Coast was the administrative headquarters of the Central Region, one of Ghana's 10 administrative districts. It had managed to retain Ghana's best secondary boarding schools. And Cape Coast University was started in 1962 as one of three Ghanaian universities. But the beautiful buildings in Cape Coast and Elmina that had housed wealthy Ghanaian traders and civil servants in the 1700s and 1800s were terribly overcrowded and severely dilapidated.

A couple of saw mills, a soap-making factory, a few traders, small fishing fleets, government administrators and teachers represented the only economic activity of any note. Subsistence agriculture occupied most everyone else. The unemployment rate was said to exceed 50%. Local Chiefs complained of a litany of woes: that lumber contractors cut and exported large amounts of timber with no gain to the people, that elephants frequently destroyed crops and villages, that their annual festivals suffered for lack of funds and that private property and public facilities in their communities were hopelessly deteriorated. Young people, it was said, left as soon as they could (UN Secretary General, Kofi Annan being one of them), while old people--typically senior civil servants from families that rose to prominence in the Central Regions' heyday--came home to die. People in Cape Coast used to say that almost nothing good had happened since the British moved the capital in 1877!

III. USAID Natural Resources Conservation and Historic Preservation Project

The USAID project was launched in 1993. Its four major components were development of a national rain forest park--part of a broader effort to conserve the internationally significant Upper Guinean Forest; rehabilitation of three 15th - 17th century European trading "castles" (later utilized as slave-holding dungeons); creation of interpretive exhibits at the park and castles; and tourism market research, promotion & investment attraction. The Central Region's dynamic governor, Ato Austin, sought to build a new economic sector that would create new jobs and income opportunities in his deeply impoverished region. USAID sought to conserve biodiversity and preserve history and sustain those achievements through revenues earned from tourist visitors.

USAID utilized a grant mechanism and funded a consortium of five U.S. organizations to work together with a number of Ghanaian institutions. Conservation International was chosen to work in partnership with the Ghana Wildlife Authority and provide technical assistance on rain forest conservation. The U. S. based division of the International Council on Monuments and Sites (ICOMOS) joined with the Ghana Museums and Monuments Board (GMMB) to undertake critical repairs and selected rehabilitation activities at the three World Heritage Monument sites. The Smithsonian Institution came on board with the primary assignment of developing interpretive exhibits at the World Heritage sites, also in partnership with the GMMB. As the project unfolded, Smithsonian professionals contributed substantially to the development of interpretive exhibits at the Kakum Park Visitors Center.

The Tourism Center at the University of Minnesota became the fourth consortium member working in partnership with the Ghana Tourist Board to strengthen its Central Region Office, undertake critical market

research and support a small number of tourism product development and promotional activities (e.g., tourist map & brochure and PANAFEST--the Pan African Festival of African Art and Culture).

The Midwest Universities Consortium for International Activities (MUCIA) served as overall project manager (and grant recipient). MUCIA fielded an American Chief-of-Party (COP) who was the only long-term project expatriate. The COP was initially housed at the offices of the Central Region Development Commission (CEDECOM), created in 1990 as part of a \$3.2 million, UNDP grant-funded Central Region Integrated Development Program, a region-wide development initiative targeting urban planning & revitalization, small-scale industry development, microcredit and tourism.

As the project got fully underway, the MUCIA consortium eventually created its own project management office outside of CEDECOM.

IV. Results Measurement

The overall project rationale envisioned new and substantially renovated attractions that would draw increased numbers of Ghanaian and foreign visitors to the Central Region where they would be educated about the critical importance of conserving the Upper Guinean Forest and the poignant history of international trade, colonialism, and slavery that swirled around Cape Coast and Elmina. Those visitors would, in turn, pay entrance fees at a level necessary to maintain--and thus sustain--the attraction investments made by the USAID project. The rationale also included the belief that increased visitor numbers would fuel significant investments in hotel, restaurant, tour operator and other businesses that would, in turn, lead to substantial job creation.

Results measurement targeted three principal areas. The first was the successful completion of major programmed construction activities and interpretive exhibits at Kakum Park, Cape Coast & Elmina Castles and Fort St. Jago. Second was the successful completion of related tourism market research, tour product development and promotion activities. Third, and most critical, was tourist visitation and entrance fee collection at the attraction sites coupled with increased levels of private investment and job creation at tourist receptive facilities.

By almost any measure, the Central Region initiative was extremely successful, leading to the creation of West Africa's newest tourist destination! Ongoing management and maintenance of the new and newly renovated attractions at these sites is the major challenge ahead. Specific results and measurement numbers are as follows:

- Kakum Park now contains a Visitors Center--with interpretive exhibits and restaurant facilities--and a 400-meter wood and rope Canopy Walkway strung from the tops of large rain forest trees. In the year 2000, 53,120 visitors paid just over 544 million cedis (approximately US \$62,000 at current exchange rate of 8,750 cedis per dollar) to experience the Canopy Walkway. In 2002, those numbers were 76,792 and 774 million (US \$88,500). Kakum Park is now by far the most visited of all of Ghana's national parks.
- The Foundations of Cape Coast Castle, Elmina Castle and Fort St. Jago--which were literally falling apart and into the sea--were completely repaired. Stone and mortar walls of these huge buildings were renovated and repainted. A new museum exhibit of African history was created in

Cape Coast Castle and interpretive panels were created and installed throughout the three Monuments. Cape Coast Castle received 7,811 visitors in 1990; Elmina Castle: 7,977. In 2002, those numbers were 36,773 and 44,586.

- In partnership with the Ghana Wildlife Authority and the Ghana Museums and Monuments Board, the Ghana Heritage Conservation Trust (GHCT) was created to assist with the maintenance of the unique facilities at these attraction sites and promote continuing investment in and around Kakum Park and the World Heritage sites. The GHCT has registered as a 501c3 non-profit corporation in the U.S. for fundraising purposes and an Endowment Fund--with an initial, contribution of US \$2 million from USAID--has been created to support these unique destination attractions.

Since it was created, however, the Fund has lost value due to financial and stock market fluctuations. And because the trust document requires a minimum US \$2 million capital base before disbursements can be made, the Fund has made no program expenditures. Furthermore, all visitor fee revenues collected at the two castles and Kakum Park--except 70% of Canopy Walkway revenues--have been retained by the Ghana Government. This has greatly limited the capacity of GHCT to successfully carry out its mission of attraction site maintenance and related investment.

- The 117 poor quality rooms at 7 hotels in 1993 have grown to 718 rooms at 72 hotels, of which 40% are classified "3-star", offering facilities and services of an international standard. Tourism officials estimate total private investment in hotel facilities during this period to be US \$55 million. An estimated US \$250,000 has been invested in snack bars, restaurants and beer taverns. Approximately 1,200 kilos of vegetables and 1,000 kilos of seafood are purchased each month by area hotels and restaurants at a monthly cost of US \$600,000 - US \$1 million.

Employment impact has been equally significant. Three hundred tourism receptive facility workers and management staff were employed in 1990. Today, that number is 5,000! And the vast majority of Kakum Park, Cape Coast & Elmina Castle employees are from area towns and villages.

- USAID program expenditures have leveraged significant additional investments. The national government provided improved road and electricity service from Cape Coast to Kakum Park that also serves many villages en route to and around the national park. A modern telecommunications system was brought to the Cape Coast-Elmina area and a new regional hospital was built in Cape Coast. The University of Cape Coast has created a program to prepare tourism industry promotion and management personnel.

And these investments are continuing. The Japanese government has just announced a grant of US \$83 million to rebuild the Accra-Cape Coast road. And the University of Cape Coast--in partnership with the University of Maryland Eastern Shore and the Golden Beach Hotel in Elmina--plans a world class Hospitality and Tourism Institute for hands-on training of tourism industry staff at all levels.

- With the Central Region as its primary draw, Ghana's tourism industry has experienced steady growth. Tourism became Ghana's fourth largest foreign exchange earner (after gold, cocoa and foreign remittances) in 2002--at US \$520 million. In 1999, 372,000 tourists visited the country, 12% more than in the previous year and more than double the number just eight years before.

That number rose to 482,643 in 2002, accounting for 115,223 direct jobs and 3.7% of GDP. The number of domestic tourists in Ghana has also grown rapidly--with the canopy walkway having become a 'must-see' and 'must-experience' destination for a broad cross-section of middle and upper class Ghanaians.

Central Government policy calls for 1,000,000 international arrivals, receipts of US \$1.5 billion and an additional 300,000 jobs by 2007!

V. Lessons Learned

Effective local economic development is built on three truths: the importance of addressing opportunity (as opposed to need); seeking out and investing in comparative advantage; and listening to the business community--especially its 'business winners'. It is also built on three principles: small businesses are the primary creators of jobs; economies are regional; public-private partnerships are the most effective way to tap comparative advantage. The following lessons learned reinforce these observations.

- **Canvassing local opinion leaders, identifying business winners and developing a vision drove the strategy**

The starting point of the Central Region LED strategy was information gathering and an informal business survey. The effectiveness of the Governor's consultations with local officials and business leaders led to support for--and suggestions for the program components of--his tourism initiative. Finding out that a couple of entrepreneurial hoteliers saw a future increase in demand, coupled with his knowledge of Ghana's national tourism visibility, provided the Governor and his staff with the imagination to envision "West Africa's newest tourist destination".

- **Building an initiative that ties together national economic competitiveness and local comparative advantage**

Increasing non-traditional exports and foreign exchange earnings have been Ghana's two national development priorities since the early 1990s and the contribution of tourism to national foreign exchange earnings rose steadily during the 1980s. So the project's vision for "West Africa's newest tourist destination" effectively connected a growing segment of the national economy to a carefully researched local economic development comparative advantage. And a vigorous project media relations program (that actually spawned a new Ghana travel press) constantly reinforced the connection between a national economic priority, the Central Region as the country's premier tourist destination, and the related importance of Kakum Park and the World Heritage Monuments.

- **Small business is the most productive focus of a local economic development initiative**

The Central Region project formed a strong alliance with the Central Region Hoteliers Association following the Governor's consultations with some of its members. Business expansion by Association members & affiliate members (e.g., handicraft producers, tour operators) and new small business investments attracted by the aggressive infrastructure development work at the castles and national park accounted for most of the private investment and job creation. Business assistance through the Hoteliers Association proved an

efficient way to deliver project support to a large number of businesses and build the institutional capacity of the private-public partnership.

- **Vertical relationships to create visibility, credibility and win-win results**

This local economic development project was a partnership between a number of small regional towns & villages, two municipalities, the regional government and three national government agencies (Ghana Tourism Board, Ghana Wildlife Authority, Ghana Museums & Monuments Board), all of whom had a specific stake in the venture's success. There was also high-level support from the Ministry of Finance because of the Governor's relationship with them and because many of them hailed from Cape Coast and attended secondary school there.

- **Strong local political leadership, respected and connected at the national level, is vital.**

The creativity, drive, determination and contacts of the Governor led to the formulation of this project and kept it moving forward. The Governor had access to senior Government of Ghana officials and he used these to actively lobby for the project. He also had access to donor organization leadership, enabling him to present his project at a high level and convince people of his leadership abilities.

- **Donor partnerships to share the risk, share the cost and stay the course**

This initiative began as a 3-year, generalist local economic development pilot project--albeit one with a broader tourism destination focus--supported by the United Nations Development Program (UNDP). Once the project was underway, its leaders and staff essentially created a competitiveness project to transform the region's newly documented potential comparative advantage into a national flagship project for tourism, one of Ghana's fastest growing economic sectors. This attracted USAID support. Success in local economic development projects--no matter how well conceived--can take many years (often more than the political will, or attention span, of one donor agency).

- **Strong local support and management from within the bureaucracies is critical**

Leaders open doors. Technocrats provide the substance and knowledge of how to keep things moving forward on a day-to-day basis. Leaders--within USAID and the host country bureaucracy--need committed and capable backup to succeed. The Governor and the USAID Director utilized and empowered key staff from within their respective bureaucracies.

- **USAID mission leadership seized an opportunity to make a difference**

USAID management, sensing a unique development opportunity, made this project happen, essentially outside of existing Strategic Objectives and Intermediate Results, thus requiring strong leadership within the Mission and in Washington from the USAID Director. This was made possible, in part, by carefully crafting the two principal elements of the project and the project title to correspond to worldwide USAID priorities.

- **Sustainability is always the key issue**

The designers of this project decided early on to put in place an organization apart from government--a public-private partnership called the Ghana Heritage Conservation Trust (GHCT) to be a continuing force for fundraising, community investment and attraction site management. So important was this institution that USAID decided to invest US \$2 million in an endowment fund targeted to attraction site management. So far, GHCT results--in fundraising, creating a visitor fee revenue sharing agreement with government and spawning new revenue generation projects adjacent to the attraction sites--have been limited.

VI. Final Observations

Tourist attraction site development, tourist product development, private business investment & job creation and near-term historic preservation & natural resources conservation elements of this project were successfully implemented. But government priorities change and public-private economic development institutions (like GHCT) are difficult to create and must be carefully and patiently nurtured. So the long-term sustainability of these investments will need to be closely monitored by the Government of Ghana, regional, town & village governments. So, too, must the Central Region tourism private sector--that now has so much at stake--take responsibility for assuring and, when necessary, demanding the integrity and continued evolution of the Central Region tourist experience. "West Africa's newest tourist destination" can only continue to flourish through a continuing and substantial public-private partnership.

VII. Contacts for further information:

1. **Dr. Joseph Goodwin (former USAID/Ghana Director):** jogoodwin@usaid.gov
2. **Kwasi Agbley (former Project Manager):** kwasiagbley@hotmail.com
3. **Nate Bowditch (former MUCIA Chief-of-Party):** natebowditch@hotmail.com

This case study was prepared under contract with The Urban Institute by Nathaniel H. Bowditch, President of Emerging, Inc. with assistance from Kwasi Agbley, former Director of the Tourism Development Scheme for the Central Region and S. S. Annobil, former Ghana Central Region Public & Media Affairs Officer.

ATTACHMENT C

LED Case Study # 1

Case Narrative:

The Caribbean Basin Initiative has provided duty free provisions for products produced in Central America and the Caribbean and exported into the U.S. The Central American Free Trade Agreement, due to be signed in the fall of 2003, further enhances access to U.S. markets. Because of its proximity to the U.S. and its ability to easily access Atlantic and Pacific oceans, Honduras is ideally situated to take advantage of these export market opportunities.

USAID/Honduras quickly recognized this exceptional opportunity for one of the region's poorest nations and late in 1999 it launched a 5-year, \$20 million export competitiveness project to support the most promising economic sectors on a demand-driven basis. The results have been impressive. Substantial domestic & foreign private investment promotion results have been coupled with cluster strengthening activities in the value-added agriculture, clothing & textiles, small motors and automobile parts sectors. Products produced in Honduras are being shipped from the booming northeast port at Puerto Cortes--as well as from El Salvador's major southwestern port--to Atlanta, Newport News, San Francisco and Seattle from where they are distributed throughout the U.S. and into Canada.

Early in 2003, the USAID Director received a visit from the Mayor of Villanueva. This is a municipality of 90,000 people and one of five municipalities in an area the Mayor referred to as the 'San Pedro region' with a population of 1.2 million. These cities straddle a major road on the national highway system (being touted by the Honduran government as its "Dry Canal") that connects Puerto Cortes with the Honduran capital city and eventually with El Salvador's southwestern port. The Mayor thanked the USAID Director for past capacity building assistance and proudly reported that Villanueva had achieved a budget surplus for each of the past 3 years. He was gratified that 2 new manufacturing plants had begun production (lawn mowers for U.S. East Coast markets and gear assemblies for auto plants on the U.S. West Coast) at facilities along the national highway. With great pride, he reported that the municipality had just implemented a public-private partnership to borrow money and finance a new bus terminal to ease the horrendous congestion of people, vendors and buses around these plants at opening and closing times.

The Mayor was worried that the rapidly evolving, unparalleled economic opportunity being created by the Caribbean Basin Initiative and the upcoming Central American Free Trade Agreement might by-pass his municipality. Villanueva does receive a tax payment equivalent to 10% of worker salaries for every worker--regardless where they live--employed at these new plants. But most of the workers and all the managers (some of whom are foreigners) come from elsewhere--not even realizing their plants are located in Villanueva. In fact, the Mayor said he hadn't met any of them yet! And the Mayor's staff has told him that migrant workers seeking jobs in the plants and in nearby clothing factories were moving into the municipality's poorer neighborhoods.

The Mayor expressed concern that his municipality was the least developed of the five San Pedro region municipalities, with poor services, horrendous housing conditions and villages in the eastern part of town still trying to recover from deadly flooding created by Hurricane George. He said he had nothing against the mayors of the other four municipalities in the region. But their communities were all closer to the booming port 50 kilometers away at Puerto Cortes and they seemed to be benefiting more than Villanueva

from development of new manufacturing facilities, commercial buildings and even a few corporate headquarters. Also, the Mayor said he felt the schools in these communities--even though they are part of the national education system--were doing a better job than his schools in preparing young people for the new jobs. The Mayor expressed his hope that USAID could fund a program to improve the level of economic development in his municipality.

Intrigued with what she heard from the Mayor, the Mission Director has asked various USAID officers for input and requested that they come to a consensus on their recommendations.

Case Study Questions:

5. Why should the USAID Mission support a LED initiative? How will the LED initiative contribute to achieving the D&G, EG or other mission SOs?
6. What would be the major elements of a LED programming approach? How would you link the various activities together?
7. Who would be the local participants in your LED initiative? For two of these, describe the unique interests/resources that will bring them to the table.
8. How might Villanueva expect to benefit from this program in terms of measurable results?

You have 45 minutes and you should have one person be ready to make an oral report on the programming approach adopted by your group.(This case study, though rooted in reality, does contain fictitious information.)

ANNEX

Selected Strategic Objectives and Intermediate Results for the Honduras Mission

SO 1. ECONOMIC REACTIVATION MEETING THE NEEDS OF THE POOR

- IR 1.1 Improved policy environment conducive to poverty reduction through economic growth
- IR 1.2 Improved market access and competitiveness by the poor

SO 2. IMPROVED OPPORTUNITY TO OBTAIN BASIC EDUCATION AND VOCATIONAL SKILLS

- IR 2.1 More Hondurans completing quality primary education
- IR 2.2 More Hondurans completing quality middle school Programs
- IR 2.3 More Hondurans acquiring marketable skills for employment

SO 3. MORE RESPONSIVE AND EFFECTIVE MUNICIPAL GOVERNMENT

- IR 3.1 Strengthened Municipal Government
- IR 3.2 Improved Citizen Participation in Local Government
- IR 3.3 Improved Coverage of Basic Services and Rehabilitation of Damaged Municipal Infrastructure

ATTACHMENT D

LED Case Study # 2

Case Narrative:

Bulgaria is a country the size of Cuba, or the State of Kentucky that shares a border with Greece and Turkey to the South, the Black Sea to the East, the Danube River and Romania to the North, Macedonia and Serbia to the West. It is one of the newest members of NATO and it joined the "coalition of the willing" in the recent Iraq War. Bulgaria is slated to enter the European Union within 5 to 7 years.

Bulgaria has long been a tourist destination. Tens of thousands of sun-worshippers from Russia, Eastern Europe and Bulgaria flock to its famous Black Sea Coast--with its large resorts and other hotels of all sizes and descriptions. Three major ski destinations--including Pamporovo in the Smolyan Region of the Western Rhodope Mountains--attract skiers from throughout Europe, as well as from Bulgaria. Tourism has recently become Bulgaria's largest foreign exchange earner.

Bulgaria's emergence from decades of communism has been steady and laudable. Three different political parties have held power since the fall of the Soviet Union. Each successive government has adhered to the principles of free enterprise democracy and all have steadfastly supported NATO and EU membership. Impressive national economic reforms have produced a growing economy and reasonable success has been achieved in attracting foreign investment. At the same time, corruption, an active mafia and trafficking in drugs, arms and human beings have impeded progress.

A few years ago, USAID/Bulgaria undertook a National Competitiveness Project targeting sector-strengthening activities in tourism, high technology, vineyards & winemaking, textiles & apparel. For almost ten years, a Local Government Initiative (LGI) project activity has received significant support from USAID and is widely known and respected by Bulgaria's locally elected officials.

Bulgaria's rural Smolyan Region is nestled in the Rhodope Mountains, home of the legendary Orpheus and steeped in Greek mythology. It is four hours by car, on quite good roads, from the capital of Sofia. It is one hour away from Plovdiv, the country's second largest city (the former Philippopolis, named after the father of Alexander the Great).

At a recent meeting between the LGI CTO and the Regional Governor of the Smolyan Region, the idea of a regional tourism initiative was discussed. The Governor reported that there are natural mineral springs (the nationally famous Devon Spring Water Company is located in the Smolyan Region), numerous caves (including Devil's Throat, where it is said that Orpheus descended to search for the love of his life), the Wonder Bridges (huge natural rock arches not unlike Arches National Park in Utah) and almost endless pine forests, grassy meadows and sheep, goat and vegetable farms. Rhodope specialty foods (e.g. cheeses, beans, lamb, potato pancakes), bagpipe music, colorful costumes and dances are known nationwide. Last, but not least, the central government has reached an agreement with Greece to open a new border crossing within 4 years that would put the Smolyan Region towns just 45 minutes by road from the White Sea!

But the Governor and Mayors of the region's principal towns are worried. Their region is one of the poorest in Bulgaria. It is challenged by its somewhat uncomfortable ethnic mixture of Christian and Muslim Bulgarians whose traditional forest product and farming industries are dying. In the Governor's view, the only future is tourism. The question is: how to proceed? "I'm caught between 3 realities and I don't really know what to do," he lamented.

"First, I know tourism is the world's largest employing industry and, as such, it's increasingly tougher for destinations to compete. Furthermore, the region has no market research and no advertising & promotion. The Mayors are able to do a little bit and there are a few local information centers. But I serve at the pleasure of the national government and I have no revenue generation authority. So I have no budget for the kind of tourism destination branding and marketing as is done in so many U.S. states.

"On the other hand, I feel it in my bones that we can be competitive and besides, the region's three major municipalities and many of its smaller towns depend on a successful ski season for their annual survival. We have no choice!

"Last, but not least, our private sector is a bit weak--though promising. A number of small inns, bed-and-breakfast facilities and restaurants have begun operations in recent years--hoping that tourists will come to the region, though my sense is that the tourist numbers are stagnant. The Pamporovo ski resort--our best-known attraction--features 15 large hotel facilities that were privatized 10 years ago. They are still struggling a bit and the workers seem not to have the skills needed for modern resorts. Only six of the 15 are now operating (of which two seem to be doing very well) and most of the owners and their senior managers have little resort management and marketing experience. There is one ski mountain with four lifts. It's well known. But the snow has been unpredictable in recent years, there are numerous ski areas in Europe and two other ski destination resorts in Bulgaria--not quite so lovely or extensive, but nearer to the capital city and its international airport."

The LGI CTO listened carefully and told the Governor she'd get back to him. She later arranged a meeting with the mission's EG team to discuss what she saw as an opportunity to work with a smart and trustworthy governor on an economic development opportunity tied to a nationally competitive economic sector in a very poor region of the country.

Case Study Questions:

9. Why should the USAID Mission support a LED initiative? How will the LED initiative contribute to achieving the D&G, EG or other mission SOs?
10. What would be the major elements of a LED programming approach? How would you link the various activities together?
11. Who would be the local participants in your LED initiative? For two of these, describe the unique interests/resources that will bring them to the table.
12. How might the Smolyan Region expect to benefit from this program in terms of measurable results?

You have 45 minutes to study the case and deliberate. You should have one person be ready to make an oral report on the programming approach adopted by your group. (This case study, though rooted in reality, does contain fictitious information.)

ANNEX

Selected Strategic Objectives and Intermediate Results for the Bulgaria Mission

SO 1.3 ECONOMIC GROWTH AND INCREASED PROSPERITY

- IR 1.3.1 Improved Business Climate
- IR 1.3.2 Jobs Created through Strengthened Private Sector
- IR 1.3.3 Improved Access to Financial Resources
- IR 1.3.4 A More Competitive Agricultural Sector

SO 2.3 Local Governance More Effective and Accountable

- IR 2.3.1 Authority, Responsibility & Resources Decentralized to Local Government
- IR 2.3.2 Increased Ability to Address Community-Building Issues

SO 2.2 Enhanced Rule of Law

- IR 2.2.1 A Strengthened Judicial System
- IR 2.2.2 Reduced Corruption through Enhanced Transparency & Accountability
- IR 2.2.3 Improved Law Enforcement Mechanisms

ATTACHMENT E

LED Case Study # 3

Case Narrative:

The great Ashanti empire, which rose to power during the late 17th century and continued to prosper as a center of the 18th century slave trade, was located in what today is Ghana's Central Region. The Ashanti capital, Kumasi, was during this period one of the finest and most advanced cities in Africa. The first Europeans to arrive in Ghana in the 15th century were the Portuguese, who were initially interested in gold, but then turned to more lucrative slave trading activities. This infamous trade became so attractive that in the late 16th century the Dutch, British, Danes and Germans also became major participants. The first castle, The Elmina ("The Mine") Castle was built to handle their trading activities. By the end of the slave trade era in the 19th century, the Europeans had constructed several castles and forts in Cape Coast and surrounding areas.

In 1956, under the leadership of Africa's great Pan Africanist, Kwame Nkrumah, Ghana became the first African nation to gain independence from British colonial rule. Accra became its capital city. (In 1877, after capturing Accra from the Asante people, the British had moved its capital from Cape Coast to Accra, approximately 180 kilometers to the East.) In 1992, after 11 years of military rule, the Provisional National Defense Council (PNDC) handed over administration of the country to an elected government with constitutional rule and a multi-party parliamentary system. There has been broad support by political parties for continuing economic reforms, placing greater emphasis on commitment to private sector development.

Ato Austin (former Minister of Information and Minister of Culture Youth and Sports) recently became Regional Minister of the Central Region, one of Ghana's 10 federal regions and one of its poorest. Though originally from Elmina, to many armchair political observers, Ato had been sent "to Siberia"! Little had changed since the British, Portuguese and Dutch departed from the Central Region for greener pastures. To be sure, Cape Coast had retained the three top Ghanaian secondary schools and houses one of three university campuses nationwide. But with the capital moved, a faltering offshore fishery and no industry of its own, Cape Coast and Elmina had experienced a striking, many-decade-long decline.

Cape Coast was the modern day capital of the Central Region and with approximately 75,000 people. Elmina was the region's second largest city. Both had harbors that serve as a home base for small fishing fleets. Aside from fishing, three small industries (a soap factory and 2 saw mills feeding off of rapidly disappearing inland forests) and the jobs associated with the university, secondary schools and regional administration, most economic activity consisted of small shops, traveling traders and subsistence farming. Unemployment was severe, with estimates ranging from 30% to above 50 %. Young people, it was said, left as soon as they could (UN Secretary General, Kofi Annan, was one of them!) and old people came home to die.

When Ato got to Cape Coast, he could not sit still. This was his ancestral home and he was used to making things happen! He immediately started looking around and meeting with local Chiefs in small villages and Paramount Chiefs the major cities of Cape Coast and Elmina to find out what was on their minds. They all complained of poverty, an almost non-existent economy--except for fishing--significant and rising unemployment and little hope for the future. A couple of local chiefs--about 30 kilometers inland--told

Ato that subsistence agriculture was his people's only livelihood, but that elephants often came out of the forest and destroyed their crops. Another Chief showed him a pristine, palm tree-lined beach--used as the toilet of choice by his people because there was no money to build toilets--and asked if Ato had any ideas. All the local village chiefs complained of no electricity and poor access roads. And the Cape Coast and Elmina Paramount Chiefs told him that their annual festivals were suffering for lack of funds and that the old colonial era buildings were hopelessly overcrowded and terribly deteriorated.

In fact, three UNESCO World Heritage Monuments were literally crumbling into the sea. They included Cape Coast Castle and Elmina Castle, two huge fortifications and former slave holding dungeons

The area's old state-owned hotel, he observed, was doing less and less business and its rooms were rundown. But a local businessman, recently turned hotelier, told Ato that diplomats from Accra liked to come to the Central Region for weekend getaways, as did European tourists and, occasionally, African Americans. Ato had read about tourism and traveled widely. As Minister of Culture, he was familiar with Ghana's significant musical, artistic and chieftaincy culture. He also knew that Ghana was a favorite destination for Africans--especially African Americans--searching for "their roots". Perhaps the Central Region could look to tourism, using its Chieftaincy traditions, its historic monuments, its beaches and even its forest elephants as the draw. Ato developed a concept paper, got the Ghana Tourist Board to assign a dynamic young officer as its Central Region Director and then he got into his Mitsubishi Pajero and drove to Accra to see if the UNDP, GTZ, EU, USAID, CIDA--or the British and the Dutch--would be interested in supporting this endeavor.

Case Study Questions:

13. Why should the USAID Mission support a LED initiative? How will the LED initiative contribute to achieving the D&G and EG Strategic Objectives?

14. What would be the major elements of a LED programming approach? How would you link the various activities together?

15. Who would be the local participants in your LED initiative? For two of these, describe the unique interests/resources that will bring them to the table.

16. How might the Cape Coast, Elmina and the Central Region expect to benefit from this program in terms of measurable results?

You have 45 minutes and you should have one person be ready to make an oral report on the programming approach adopted by your group. (This case study, though rooted in reality, does contain fictitious and altered information.)

ANNEX

Selected Strategic Objectives and Intermediate Results for the Ghana Mission

SO 1. INCREASED PRIVATE SECTOR GROWTH

- IR 1.1 Access to Market Information
- IR 1.2 Improved Management Capacity
- IR 1.3 Increased Regional Cooperation

SO 2. PUBLIC POLICY DECISIONS REFLECT CIVIC INPUT

- IR 2.1 Improved effectiveness of (participating) local and national CSOs to influence policy
- IR 2.2 Local government decision making processes are more participatory
- IR 2.3 Increased citizen access to information for improved education, governance, transparency and accountability

ATTACHMENT F

LED Case Study # 4

Case Narrative:

Dumyat is one of 26 Governates in Egypt. The Dumyat region, together with its major city of Dumyat, sit on the Mediterranean coast 40 kilometers West of Port Said at the entrance to the Suez Canal. One of Egypt's oldest communities, Dumyat—along with its neighboring coastal regions—receives an influx of Egyptian families during the summer months. But it is the carpentry skills of Dumyat's citizens—that can be traced back to the early days of Egyptian boat building—and its numerous small & medium-sized furniture-building enterprises for which Dumyat is known throughout the country. In fact, even though the larger Dumyat furniture enterprises have showrooms in Cairo, residents of Cairo will frequently drive to Dumyat to choose their household furniture and bargain for lower prices at the source.

Dumyat has a port—perhaps the 2nd or 3rd largest in Egypt, primarily due to natural gas—and a free zone to encourage export oriented enterprises. A recently completed East-West highway will greatly improve access. Alexandria, previously a half-day trip, is now just 1 1/2 hours away. Rafah, the last Eastern city on Egypt's North coast, is now equally accessible—as will be Israel, Palestine and Lebanon.

But at a recent meeting with Dumyat's popular Governor, a USAID D&G team (exploring a new demand-driven approach to citizen-based, collaborative community development) learned that the furniture-making sector—comprising 92 % of the Dumyat economy—is in decline. "I don't know what to do," said the Governor. "My people have been known for their carpentry skills for centuries. Folks come from all over the country to buy our furniture. But sales are falling steadily--especially because we don't seem to be able to do as well in the export markets. I don't know if it's because our businesses are just too small to compete--most of them have between 5 and 50 employees--or if they're too bull-headed to change their products and their furniture-making methods. Maybe they just don't understand what consumers are looking for today.

But I do know this: if any location can compete successfully on the basis of quality workmanship, cost of production and easy access to lucrative markets, it should be us! I also know that I fought hard for the new East-West highway and I'm tired of hearing our business leaders tell me that government isn't doing enough to support business. And the Popular Council (the Governate's elected body) is singing the same sad song—always crying about falling incomes. What do they want me to do? And by the way, what's the Dumyat Mayor doing about it? I can't get in a truck and go sell their furniture in Libya or Jordan; or get on a boat up to Turkey or Greece. I could organize my Executive Council (regional department heads, or governor's cabinet of Dumyat) to do that. But it's not my job, or theirs. That's what the businesses are supposed to do!

"If you have any ideas," said the Governor to the USAID team (an American ex-city administrator and an Egyptian citizen participation expert), "let me know." Clearly, the request went beyond the normal purview of the D&G team's work, so they decided to confer with their EG colleagues before responding to the Governor.

Case Study Questions:

17. Why should the USAID Mission support a LED initiative? How will the LED initiative contribute to achieving the D&G, EG or other mission SOs?

18. What would be the major elements of a LED programming approach? How would you link the various activities together?

19. Who would be the local participants in your LED initiative? For two of these, describe the unique interests/resources that will bring them to the table.

20. How might Dumyat expect to benefit from this program in terms of measurable results?

You have 45 minutes to study the case and deliberate. You should have one person be ready to make an oral report on the programming approach adopted by your group. (This case study, though rooted in reality, does contain fictitious information.)

ANNEX

Selected Strategic Objectives and Intermediate Results for the Egypt Mission

SO 1. ENVIRONMENT FOR TRADE AND INVESTMENT STRENGTHENED

- IR 1.1 Policy Framework for Trade and Investment Improved
- IR 1.2 Private Sector Competitiveness Increased
- IR 1.3 Opportunities for Business Growth Enhanced

SO 2. SKILLS FOR COMPETITIVENESS DEVELOPED

- IR 2.1 Market Responsive Managerial Skills Increased
- IR 2.2 Market Responsive Information Technology Skills Developed
- IR 2.3 Increased Market Responsiveness of Training in Selected Sectors

SO 3. EGYPTIAN INITIATIVES IN GOVERNANCE AND PARTICIPATION STRENGTHENED

- IR 3.1 Capacity of Civil Society Organizations Improved to Participate in Development
- IR 3.2 Stakeholder collaboration increased for community level services